

Neighborhood Planning for Community Revitalization

**Funding Collaboratives for
Neighborhood Organizations:
An Analysis of Local and National Experiences**

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Funding Collaboratives for Neighborhood Organizations: An Analysis of Local and National Experiences

Conducted on behalf of
The Minneapolis Center for Neighborhoods

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EXECUTIVE SUMMARY

True neighborhood based change often necessitates involvement at the grassroots level and engages citizens in the empowerment of their communities. At their best, neighborhood organizations can create that change. To be effective, neighborhood organizations require significant support. In addition to many other things, they often need consistent funding. This study is part of an overall project to identify additional funding sources for neighborhoods in Minneapolis and St. Paul.

The funding market for neighborhoods in the Twin Cities is complex and often overwhelming. For this reason, the Minneapolis Center for Neighborhoods chose to investigate the possibility of a funding collaborative that could both simplify the funding process and expand available resources to neighborhoods.

A funding collaborative can take on many forms but refers, in this case, to a type of pooled fund for neighborhoods. Cities across the country have created large intermediaries to disperse funds to neighborhoods. Some cities have consolidated all of their funding to be dispersed through public resources. Other funding collaboratives are formed by national foundations and then run by smaller local funders. Neighborhoods can also receive funding from a federation soliciting workplace donations. Some collaboratives take on a less formal structure, as participating organizations share resources and streamline services to better utilize existing funds.

Based on local and national experiences, there are many reasons for neighborhoods in Minneapolis and St. Paul to form and expand funding collaboratives. A collaborative provides for flexibility in general operating support to neighborhoods. It has the potential to amplify citizen force by forming larger coalitions. On the other hand, collaboratives can decrease the sovereignty of participating organizations and/or dilute the messages of smaller members. It is difficult for diverse funders to work together, and increased funding is not guaranteed with collaboratives. The most successful collaboratives allow for flexibility and agency and are based on a stronger premise than funds alone.

As a result of this research, the Minneapolis Center for Neighborhoods concluded that it is worthwhile to further explore the possibility of a large funding collaborative for Twin Cities neighborhoods. At the same time, the board recognized that already existing federations and multi-neighborhood partnerships could be better utilized and expanded to increase the capacities of participating neighborhoods.

INTRODUCTION

The neighborhood based movement is upon us! Through quantifiable community initiated projects, and less recognized acts of citizen participation, neighborhood residents, and the associations which they are a part of, are working for change in their communities. Neighborhood based change often necessitates involvement at the grassroots level, and engages citizens in the empowerment of their communities. At their best, neighborhood organizations can create that change!

For neighborhood organizations to be most successful in effectively engaging their constituencies, they need to have internal and external environments favorable to capacity building. Neighborhood organizations need leadership and human capital, whether volunteer or staff, to keep them focused and driven. They need clear information amongst themselves and from other stakeholders. In most circumstances, neighborhood organizations also need financial resources. With substantial funding, neighborhood organizations can hire and maintain staff who supply consistent communication channels and growing technical and practical expertise. Funding also enables neighborhood organizations to obtain outside technical assistance, engage more in policy issues, and significantly broaden their project possibilities.

This study began with the question: *How can neighborhood organizations in the Twin Cities sustain and expand their community building capacity?* We made the initial assumption that increased funding would lead to greater capacity for neighborhood organizations in the Twin Cities. We also assumed that diversifying the funding base for neighborhood organizations would be beneficial in the pursuit for operating support. These assumptions led us to the investigation of a funding collaborative, of a pooled fund for neighborhoods. This report will focus on the potential for the creation of a funding collaborative for neighborhoods in Minneapolis/St. Paul.

With the premise that Minneapolis and St. Paul could benefit from investigating the possibility of a funding collaborative, the Minneapolis Center for Neighborhoods decided to look nationally at existing funding collaboratives in other cities. To place funding initiatives in a larger context, we also looked to the history of neighborhood support in the Twin Cities. The central questions guiding our research were,

- *What does the Minneapolis Center for Neighborhoods need to consider in the formation of a funding collaborative?*
- *By looking nationally and locally outside of the neighborhood realm, where is it working?*
- *What can we learn from existing funding collaboratives?*

What follows are our findings from this study.

OVERVIEW OF NEIGHBORHOOD FUNDING IN MINNEAPOLIS/ST. PAUL

The history of neighborhood funding in Minneapolis/St. Paul runs deep and wide. Since the late 1970's, neighborhood organizations of some type, from informal associations of residents to city created district councils and the extensive Neighborhood Revitalization Program, have received funding from various sources to support their initiatives. **For a more in depth description of historical funding programs for neighborhoods in the Twin Cities, see the Funding Collaboratives Matrix that begins on page 6 of this report.**

Although the Twin Cities have an apparently sophisticated citizen participation system when placed in a national context, stable funding is still difficult for most neighborhood organizations to secure. Joel Spoonheim's 1998 report, "Funding for Neighborhood Organizations: A Study of Trends Over 1993-1996", concluded that cities still serve as the primary funder for neighborhood groups, and that this support is insufficient to maintain staff to perform core tasks. Furthermore, Spoonheim's report explains the contribution of staff to neighborhood organizations, as well as the specific benefits of consistent funding. Finally, Spoonheim acknowledges the difficulty in maintaining stable levels of general operating support for neighborhood groups. Spoonheim's report is published on line and can be accessed through the Neighborhood Planning for Community Revitalization's website, at <http://freenet.msp.mn.us/org/npcr/reports/npcr1103/npcr1103.html>

Both Joel Spoonheim's report and this study are part of an overall project at the Minneapolis Center for Neighborhoods to identify additional funding sources for neighborhoods in Minneapolis and St. Paul.

INTRODUCTION TO FUNDING COLLABORATIVES

With the current funding market for neighborhoods in Minneapolis, it is often difficult for funders (private foundations in particular) to know where and how to direct their support. The overwhelming number and diversity of neighborhood groups in Minneapolis especially, potentially turns private funders away. Rather than engage in the complexity of this market, foundations may direct their funds elsewhere. For this reason, some local associations and several other cities have instituted funding collaboratives of various forms.

These collaboratives create some sort of pooled fund for neighborhoods. This central source of funding, whether in the form of an intermediary, or direct allocation to neighborhood groups by a consortium, can both simplify the funding landscape for the funders and expand the capacities of the neighborhood groups themselves. At their best, these funding collaboratives create a base of support for neighborhood initiatives while

still allowing the neighborhood group to define and control its strategy.

The idea of a funding collaborative is not new to the Twin Cities. Local foundations, corporations, and governments have supported pooled money for neighborhood initiatives for decades. **For more detailed information into specific historical funding collaborative programs in the Twin Cities, see the Funding Collaboratives Matrix chart that begins on page 6 of this report.**

Our research was motivated by the premise that increasing and deepening the presence of funding collaboratives could significantly aid neighborhoods in the Twin Cities in their pursuit for stable funds. Private funding for neighborhood groups in the Twin Cities has leveled off over time and is less significant than in many of the other cities studied. In Minneapolis, funds from the Neighborhood Revitalization Program go almost exclusively to project specific proposals. Private foundations in Minneapolis and St. Paul have provided funding for specific neighborhoods or for specific programs, but have not permanently institutionalized a pooled fund for neighborhood work. At this point, there exists no federation or collaborative of funds exclusively for neighborhood organizations and their general operating support in the Twin Cities. For this reason, we found it worthwhile to examine various experiences with funding collaboratives and analyze their potential in the Twin Cities. What follows are our findings.

METHODOLOGY

My research into existing funding collaboratives and the lessons they can offer the Twin Cities has taken on various forms. In May of 1999, I first met with and surveyed neighborhood organizers around the country at the Neighborhoods, USA conference in Madison, Wisconsin. Throughout the summer, I interviewed local and national organizers with specific experiences with funding collaboratives. The analysis of their experiences has continued throughout the year. The project's advisory committee has met several times to redirect its research questions, expand upon its goals, and discuss its presentations.

Considering that this is essentially a qualitative study, it is difficult to make clear conclusions regarding our findings. I have attempted to provide both a sketch of funding collaboratives (via the matrix on page 6) and an analysis of information most useful to our goals in the Twin Cities (via the conclusions section on page 16). In both illustrations, however, I have certainly left out important information not obtained and/or made assumptions based on incomplete information. Although I was often directed by the advisory committee, this report is merely a reflection of the data I've collected and my personal analysis of it. Those interested in specific elements of this study should follow up on their questions with a more detailed research project.

EXPLANATION OF CATEGORIES AND VARIABLES

The remainder of this report will examine specific funding collaboratives. The developed matrix includes:

- **The Type of Collaborative created**
 - Historical Local Funding Collaboratives
 - National Multi-Neighborhood Funding Collaboratives
 - Community Development Partnership Funders
 - Local Non-Neighborhood Based Funding Collaboratives
 - Local Multi-Neighborhood Funding Collaboratives
- **Origins of the Collaborative**
- **Process of Membership**
- **Funding Process/Sources**
- **Successes**
- **Challenges**
- **Current Status**

These variables should give an initial insight into each of these groups' experiences with funding collaboratives. This insight will, hopefully, broaden an understanding of the potentiality of a funding collaborative for neighborhoods in the Twin Cities.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
<u>Historical Local Funding Collaboratives</u>						
Community Solutions Fund	It was derived in 1978 from cooperative fund drives amongst grassroots organizations. Members began to look into workplace giving in 1980.	Potential members apply to the Board of the Community Solutions Fund. As of summer 1999, there were 39 members which include a wide variety of non-profit organizations working for social change. Neighborhood organizations, and to a larger extent coalitions of neighborhoods are often desirable members. Fund members are expected to provide a board member, committee chairs, and contribute 50-60 hours annually.	Employees of 200 different workplaces contributed \$905,000 in 1998. The fund allows individual contributors to designate funds (about 35% do so) to specific members. The remaining funds are divided equally amongst participating organizations.	The Community Solutions Fund has helped local organizations to diversify their funding base. It allows donors to maintain control in which type of work they want to support while still allowing organizations to do their work without needing to constantly pursue funds or be subject to political/ideological scrutiny by public funders.	Commitment to the fund can be demanding for member organizations and, therefore, may not attract organizations at lower capacities which still have high potentials. Because of the already established groups and often conservative climates within corporations, it is difficult for Community Solutions Fund to initially enter a workplace.	The Community Solutions Fund is growing. It recognizes that for grassroots organizations to be successful, they need relationships, vitality, and funding. They are now seeking to increase member capacity in each of those areas. They are also in the process of developing an associate membership that would offer less benefits but require less responsibilities for smaller organizations as members.
McKnight Neighborhood Self Help Initiative Program (MNSHIP)	MNSHIP started in 1981 as both the public and private sectors in Minneapolis and St. Paul were realizing the value of neighborhood based initiatives and projects. MNSHIP was initiated by the McKnight Foundation which failed to get ownership.	All neighborhoods were considered to be members of the collaborative. Neighborhoods could write small grants for projects which stimulated work at the neighborhood level and sought to solve problems from within communities.	The McKnight Foundation (a single, large, local funder) set up MNSHIP, and it was executed through the Minneapolis Foundation, providing them with \$5 million to invest over 10 years into neighborhoods.	Throughout the life of MNSHIP, over 90% of all neighborhoods in the Twin Cities benefited from direct MNSHIP support. Additional successes were cited in conjunction with the PRO Neighborhoods Program.	MNSHIP was only institutionalized as a 5 year program. With staff changes at McKnight, the focus of the foundation did not stay on neighborhood work. Some of those involved cited the hesitancy of participating neighborhoods in bringing forth ideas to sustain the program, even when they knew its end was near. This temporary nature of the program was a huge challenge.	As a result of cited challenges, after 5 years, in 1985, the McKnight Foundation passed all of the funding of the program to the Minneapolis Foundation. MNSHIP then evolved into the PRO Neighborhoods Program.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
PRO Neighborhoods	PRO Neighborhoods derived from the MNSHIP program under the direction of the Minneapolis Foundation.	All neighborhoods were still considered to be members. The grant application process was more extensive, however, than during MNSHIP and thus was more utilized by higher capacity organizations.	The Minneapolis Foundation funded project based neighborhood initiatives. Neighborhood organizations would write small grants for a variety of different initiatives. The amount of funding for individual neighborhoods was capped, so many organizations were involved.	MNSHIP and PRO Neighborhoods were some of the first programs to directly fund neighborhood work. Many neighborhoods began projects and cultivated their neighborhood activism during these programs. Once funds were given, there were no political strings or additional mandates attached to them. Neighborhood groups had the flexibility and self-determination to pursue funds for whatever projects were most important and timely. The programs also allowed neighborhood activists to make connections with other emerging neighborhood leaders through the program's forums, yearly conferences, and get togethers.	The PRO Neighborhoods Program was never really fully institutionalized into the Minneapolis Foundation and was severely hurt by the loss of key advocates and its changing leadership. At this point in Minneapolis neighborhood history, most neighborhood organizations were volunteer run. It was difficult to get beyond the smaller project based initiatives which PRO Neighborhoods funded without increasing the capacity of the member organizations to do so.	In 1990, due to cited challenges and others, the funds for the PRO Neighborhoods program were redistributed into the general fund of the Minneapolis Foundation and the program ended. There was not another large pool of funds for neighborhood work until the development of the Neighborhood Revitalization Program.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
Building Better Futures	The Idea for the Building Better Futures program came from the 1990 census statistic which cited the child poverty level in the city of Minneapolis at 60%. The Board of Directors of the Minneapolis Foundation was also concerned about the disparateness of its finding and no real sense of its outcomes or impacts.	Neighborhoods in Minneapolis were designated as members if they had a child poverty level of above 60%. This included 7 neighborhoods. The role of the member neighborhoods is a bit unclear, with no established relationships between the already existing neighborhood organizations in these areas and the Minneapolis Foundation which seeks to improve them.	The Building Better Futures Program provides a Special Projects Fund for neighborhoods as well as giving them further funding incentives and encouraging collaborations amongst them. The Minneapolis Foundation also considers the neighborhoods in the BBF program in many of their other funding decisions.	The Building Better Futures Neighborhoods play a central role in the funding process of the Minneapolis Foundation. They have changed their funding guidelines to reflect issues in the BBF neighborhoods. The Minneapolis Foundation also has a Special Projects Fund, exceeding \$100,000, through which neighborhoods can propose 2-4 projects a year. It has also convened all participating neighborhoods for discussions around common issues, particularly the city's affordable housing crisis.	There were some cited concerns that the Minneapolis Foundation is devaluing the work of already existing grassroots groups and initiatives by stepping in as an outside entity and not working with already established organizations and projects.	The program is currently undergoing an evaluation of its first 5 years of funding. It is scheduled to continue until 2004. Discussions will likely ensue as whether to continue, expand, or phase out the program at that time.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
Neighborhood Revitalization Program	<p>The Neighborhood Revitalization Program came out of a 1987 study of Minneapolis neighborhoods. The report concluded that the physical revitalization of the city's neighborhoods would cost over \$3 billion. Rather than develop new programs to address this decline in the same ways, it advocated for a new approach to revitalizing city neighborhoods. The Neighborhood Revitalization Program thus sought for an efficient use of public resources and a strategically coordinated approach tailored to specific neighborhoods, with a planning effort guided by the neighborhood residents. The stated goals of NRP are to build neighborhood capacity, redesign public services, increase government collaboration, and create a sense of community.</p>	<p>Once the Neighborhood Revitalization Program was officially established by the Minnesota Legislature and the City Council in 1990, the first six neighborhoods were selected to begin their Neighborhood Action Plan. As of 1999, 80 of the city's 81 neighborhoods are participating in NRP. The Neighborhood Revitalization Policy Board is comprised of representatives from the City of Minneapolis, Hennepin County, Minnesota Public Schools, the Minneapolis Park Board, and the Minneapolis Public Libraries.</p>	<p>The NRP's annual funding of \$20 million comes from the Minneapolis Community Development Agency's Common Project. The Common Project uses the tax revenue collected from particular increment districts and directs it to the needs of Minneapolis neighborhoods. These funds are public and must be used for public purposes.</p>	<p>Neighborhood planning efforts under NRP have resulted in more than 1100 NRP supported projects throughout the city. This includes nearly \$78 million that has gone to housing. NRP has also supported substantial economic development endeavors like the Mercado Central. Substantial funding has also supported programs in crime prevention, community safety, human services, parks, and recreation, schools, libraries, and environmental protection. Most importantly, NRP has involved thousands of neighborhood residents in the development and execution of the neighborhood action plans.</p>	<p>The inaction of the Neighborhood Revitalization Program requires much time and effort. Volunteers who must attend numerous meetings and events can often get burned out. It has often been a challenge for neighborhoods to work with city departments and jurisdictions which may not be changing the way that they operate, despite the existence of NRP. Finally, it has been much harder to involve low income people, renters, and communities of color in the planning process of NRP. Consequently, some of NRP's programs and their benefits have benefited already privileged communities.</p>	<p>The tax increment spending for the Neighborhood Revitalization Program is secured through 2010. The program was designed to temporary, although many are advocating for a permanent status. Individual neighborhoods, despite extensive present funding, struggle with maintaining resources to keep their small staffs. The city of Minneapolis hired Renee Berger and her company Teamworks to complete an evaluation of NRP thus far. Her report should be available in Spring of 2000.</p>

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
<u>National Multi-Neighborhood Funding Collaboratives</u>						
Charles Stewart Mott Foundation's Small Grants Program	The Mott Foundation, a large national funder, wanted to "encourage community foundations to support resident-based initiatives in low income neighborhoods that are 'solving significant local problems, building alliances with other community-based leadership'." The 1st Round of the Program ran from 1984-89, the 2nd Round from 1991-94. The program operated under the central principles that citizen actions were necessary and that community foundations are promising vehicles for philanthropies.	Members in the 1st Round included 8 community foundations, the 2nd Round included 13 foundations. Community foundations had to raise money from multiple local funding sources. Individual low income neighborhoods then applied for funding from the advisory councils of all contributing funders.	Partnerships amongst participating community foundations, local United Ways, city governments, and several smaller foundations have resulted in funding consortiums in several of the participating cities. The consortiums disperse funds to specific neighborhoods, either directly or through a created intermediary. Most of the funding neighborhoods receive from these consortiums are for project specific grants, although general operating support is increasing in several cities.	In several cities, most notably in Tucson and Memphis, the funding consortiums developed initially from the Mott Foundation's program have evolved into strong, stable programs. Tucson's PRO Neighborhoods program now has 4 full time staff people who work with Tucson neighborhoods, providing technical assistance, offering workshops, and dispersing funds. In Memphis, the Center for Neighborhoods came out of the funding consortium. The Center has 6 full time staff people and also does much work beyond funding neighborhoods.	It was not easy for cities to make the transition after the Mott Foundation's program ended. The funders' consortiums in some cities did not continue to work together after the support from Mott ended and those cities were left with a large dent in their funding base for neighborhood based initiatives.	Several of the funding structures devised under the Mott Foundation's program have strengthened. The funder's consortium in Tucson passed virtually all responsibility and decision making authority onto PRO Neighborhoods and continue to provide consistent funding for neighborhood based project initiatives. In Memphis, the Center for Neighborhoods is working to be self-sufficient, trying to avoid public money because of its strings and working to spend more time on advocacy than as the funding consortium it developed from.
PEW Preservation Initiative	This large foundation decided to focus on neighborhood collaboratives and community building in its 1994 round.	PEW selected 12 neighborhoods across the country and guaranteed significant funding for 3-4 years for neighborhood and community development partnerships.	The collaboratives continued with PEW money as well as matching funds from local foundations in each of the cities. Funding went to support general operating support for these collaboratives as well as to technical assistance, planning, and staff.	In many cities, including St. Paul, MN, neighborhood organizations (community councils in this case) worked in excellent partnerships with their adjacent community development corporations. The program also convened all 12 members in useful national conferences.	The program was cited by members as being too funder driven and requiring too much evaluation of neighborhood based initiatives and not enough flexibility to implement them. In St. Paul, the members wanted more flexible funds and the program, although valuable in laying the groundwork for partnership, disbanded in the allotted 3-4 year time frame.	The program was intended to be temporary and no info was found as to continued support by the PEW Foundation for these initiatives.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
Seattle, WA's Neighborhood Matching Grant Fund	Since 1998, the city of Seattle has set aside public money each year to fund neighborhood projects.	Members include the residents of Seattle's over 100 neighborhoods. The Department of Neighborhoods accepts applications for the Neighborhood Matching Grant Fund from neighborhood based organizations of residents or businesses. They also accept application from community based organizations that are not neighborhood based, but advocate for people of color.	The fund is currently about \$3 million annually, and has 4 components- the Semi-Annual Fund for projects requesting as much as \$100,000, the bi-monthly Small and Simple Projects Fund for project requesting less than \$5000, the Neighborhood Outreach Fund for membership expansion or leadership development for up to \$500, and the Special Projects Fund for projects which address a specific need or issue. The fund is under the direction of the Department of Neighborhoods which was created by bringing together various city departments and planning offices.	The fund has helped fund over 1200 projects since 1988, the most common defined as youth, playgrounds, environmental, and grounds/facilities.	The fund does not support the development of grassroots organizations outside of the Neighborhood City Hall structures and do not give general operating support to already existing organizations.	The Neighborhood Matching Grant Fund program has been implemented in many other cities and the financial base is only increasing in Seattle. There doesn't seem to be any momentum to expand the fund to general operating support.
South Bend, IN's Neighborhood Resources and Technical Services	The city of South Bend, in 1993, recognizing the contributions of neighborhood organizations, set up a fund for neighborhood based initiatives.	All South Bend neighborhoods are eligible to receive funds from NRTSC. Support comes in the form of product specific proposals, technical assistance, and capacity building support.	The NRTSC board is comprised mostly of funders, the city playing the largest role, and the state, one private foundation, and two universities also as partners. The NRTSC board disperses funds to individual neighborhood organizations for project specific proposals. NRTSC also has 2 full time staff people who work on technical assistance to neighborhoods.	NRTSC has provided significant funds to neighborhoods groups which hadn't been funded before. The collaborative has also been very successful in involving a variety of community stakeholders. NRTSC contends that the diversified funding base has kept the interests of neighborhoods at center.	Although support has been relatively consistent thus far, NRTSC is dependent mostly on city general funds, and is thus recognized to be less than surely stable.	At this point, NRTSC continues to play an important role as an intermediary in funding neighborhood based initiatives.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
Kansas City Neighborhood Alliance	Kansas City's Neighborhood Alliance developed from the Civic Council of Kansas City in 1979. Civic councils were comprised of the CEO's of the largest 100 corporations in Kansas City. They believed in the potential of the Kansas City Neighborhood Alliance to influence change in inner city neighborhoods and helped set up the funding collaborative.	The board of KCNA grants unrestricted funds to KCNA. The money KCNA receives is for general operating support of the organizations. Most of it is no dispersed directly to neighborhood organizations, but is used of city wide programs designed to improve the quality of life in Kansas City neighborhoods. KCNA does distribute small grants to individual neighborhoods, but the cap is \$5000 annually	KCNA's board is made up of 21 board members, including corporations and foundations. The board grants unrestricted funds to KCNA for its work. Less than 20% of their neighborhood initiatives are funded through public money. KCNA has 18 full time staff people and most of their time is spent on offering technical assistance, working with potential homeowners, and training the leadership of neighborhood organizations.	KCNA has extensive influence over Kansas City neighborhoods and a consistent and diversified funding base to support their work.	There is no system of accountability set up to ensure that KCNA is supporting and leading the work of grassroots neighborhood organizations.	KCNA's budget continues to increase. In 1999, it received \$1,188,996 from a diverse base of corporations, individuals, special event fundraisers, foundations, the United Way, and government community development block grants contracts.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
<u>Community Development Partnership Funders</u>						
Boston, MA Neighborhood Development Support Collaborative	The Neighborhood Development Support Collaborative was formed in 1986 by a group of local and national funders, including individual and corporate contributors, public agencies, and private non-profits working with CDCs.	The Community Development Partnership in Boston, MA includes several community development corporations working in neighborhoods to develop and improve their infrastructure.	The Community Development Partnership in Boston provides both general operating support and funds for neighborhood development projects. CDCs applied for funds to the Neighborhood Development Support Collaborative. Non-funder members participated as NDSC Planning Partners, advising the Steering Committee on CDC issues and program design.	The Community Development Partnership introduced local CDCs to new funders. The support also allowed the CDCs to keep their staffing more stable. Where CDCs overlapped geographically, support from the collaborative often caused several CDCs to reap benefits from development projects. In Boston, the collaborative and the CDC association joined together to support a community organizing initiative that provided training and funding for CDC organizers. Partnerships have often been cited as important policy advocates for local CDCs.	Some of the opportunities for funding by NDSC necessitate an already sophisticated CDC in its structure. The participating organizations needed to be in existence for at least 3 years, and have at least one project under construction or completed. This potentially limited the participation of smaller grassroots organizations which do not fit into the CDC structure but provide important presence in community organizing	The second phase of the Neighborhood Development Support Collaborative began in 1994. It continues to support the initiatives of local CDCs with support from a wide variety of local and national funders. It has been a successful program, but one that may be difficult to apply to often less recognized neighborhood organizations focused on citizen participation more than bricks 'n mortar development.

Local Non-Neighborhood Based Funding Collaboratives

United Arts Fund	The United Arts Fund began in 1991 as an attempt to raise more stable funding for the arts community in the Twin Cities	There are 25-30 member organizations selected to be a part of the fund. Beyond collaborating for fundraising, the members also work on political advocacy for the arts and participate jointly in the Capital New Year Celebration.	The members work together in a cooperated fund drive where they are one of the few federations which approach workplaces for financial support. The United Arts Fund also applies to the Headwaters Fund and the Philanthrafund.	The United Arts fund has been successful in soliciting funds. It is very attractive to funders usually faced with so many different proposals for arts funding.	It is very difficult for the United Arts Fund to initially enter a workplace. Few federations have places in the structure of workplace giving.	The United Arts Fund continues to provide substantial funding to the arts community in the Twin Cities.
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Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
Club Fed	Club Fed started in 1992 as a federation of many North Minneapolis non-profit organizations addressing the needs of local youth. The collaboration was built around the desire to share resources and avoid the duplication of services.	Club Fed has 139 members, including SAFE police, school, parks, and many service organizations with youth concerns as a priority. Club Fed has over 200 members on their mailing list and often over 50 members at their meetings.	Club Fed receives most of its funding from a large grant from the MN Department of Children and Families as well as other smaller funders. The primary goal of Club Fed is not dispersal of funds to members, but using funds to consolidate services and facilitate collaborations amongst participating organizations.	Club Fed has been very successful in convening community stakeholders and maintaining the focus on youth issues.	Member organizations are often understaffed and very busy, thus making consistent participation in the collaborative occasionally difficult.	Club Fed has worked very well, at least in part, because it is organized around a larger goal (youth) that is not geographically based.
Lake Street Partners	Lake Street Partners began in 1995 as a collaborative effort by neighborhood organizations, local businesses, larger corporations, and foundations to invest in Lake Street and help make it a stronger commercial corridor.	The board is made up of 22-23 representatives from partnering organizations.	Funding for the collaboration comes from 4-5 foundations as well as some NRP funds from included neighborhoods. Most of this funding is project specific, although some is available for general operating support.	The collaborative views its successes as stemming from the fact that their missions are complimentary and that the collaborative creates a more expansive approach to furthering that vision.	Difficulties have come with the more bricks 'n mortar type projects, where there is an actual equity stake in the project.	Lake Street Partners continues to impact development on Lake Street.

Funding Collaboratives Matrix

Type of Collaborative	Origins of Collaborative	Process of Membership	Funding Process/Sources	Successes	Challenges	Current Status
<u>Local Multi-Neighborhood Funding Collaboratives</u>						
Central Cities Neighborhood Partnership	Central Cities Neighborhood Partnership is an informal network of near downtown neighborhood organizations, including Elliot Park, Loring Park, Stevens Square, and the Downtown neighborhoods.	Each of the member neighborhoods come up with collaborative projects and then gets approval from the boards of each of the other neighborhood groups. Programs have included the Restorative Justice Program, the Loring Park Paper, and Elliot Park Enterprise. The board of directors for CCNP includes the executive directors of each of the member organizations and they meet monthly.	The collaborative has the potential to look very impressive in front of funders. CCNP receives state grants and private funding from 2 foundations, but are looking for a more permanent funder. CCNP does see itself as ideally being a government function, receiving money from public sources.	CCNP has successfully brought neighborhoods together around similar issues. They have worked on several projects together, as well as doing some policy advocacy and lobbying for funding for neighborhoods.	It can be difficult for the staff of these often overextended neighborhood organizations to add additional projects or responsibilities without compensation.	CCNP is currently in transition, trying to decide where to focus its energy without superceding the work of its individual member organizations. The collaborative is recognized as valuable, and the goal is to institutionalize it into the long term structure and funding of neighborhoods.
Mississippi East Neighborhood Development Corporation	In 1998, 3 neighborhood organizations in Minneapolis (St. Anthony West, Boddinoad, and Sheridan) came together to address issues too large for one neighborhood to deal with (issues like land trusts and land banking). In witnessing the explosive development that was taken place in their region, these neighborhood organizations wanted to ensure a more assertive resident voice in the development.	The collaborative's directors are the presidents of the three respective neighborhoods. MEND is also comprised of individuals from each of the three neighborhood groups.	The initial funding for MEND (\$6000-\$7000) has come from the Neighborhood Revitalization Program's allocation to the St. Anthony West neighborhood. Soon they will be aggressively seeking funding. MEND hopes to attract a diverse group of funders to support their programs.	MEND has been successful in its general community building in the region. Members believe that citizen voice can be amplified via MEND's existence. They have also begun a few specific programs. In St. Anthony West, neighborhood residents have drafted a Standards of Conduct that describes the way that neighborhood residents should ideally treat each other. They are also working with other housing advocates to support the elderly living in the neighborhood and to help keep rental levels low.	Members cited obtaining stable funding as the biggest obstacle to newly created MEND. They are not operating from any particular funding model.	In the spring of 2000, MEND had just completed its Articles of Corporation. Members stress the energy and dedication that they are bringing to this new collaborative.

KEY LEARNINGS/CONCLUSIONS

By looking at the relationships between neighborhood organizations, and the funding collaboratives that support them, we gain insight into the potential for further collaboratives in the Twin Cities. My research into collaboratives across the country has led to several conclusions concerning the pursuit of funding collaboratives in Minneapolis and St. Paul. The analysis of my findings focuses on:

1. **Derived models of examined funding collaboratives**
2. **Primary and secondary reasons for Minneapolis/St. Paul to increase the presence of funding collaboratives**
3. **Significant challenges to the creation and success of funding collaboratives**
4. **The components of a successful collaborative**

Collaborative Models

One of the most important considerations Twin Cities neighborhoods face in the creation of a funding collaborative is deciding which type of model they want to employ or work from. What follows is a sketch of various models I found through my local and national research on funding collaboratives. I classified these collaboratives based on my understanding of their individual premises. These models are by no means exhaustive of existing funding collaboratives. They do, however, provide one framework for discussing the possibilities for neighborhoods in the Twin Cities. **For a more detailed description and analysis of each examined collaborative, refer to the Funding Collaboratives Matrix that begins on page 6 of this report.**

1. A Substantially Funded Intermediary

- **In practice:** An umbrella organization or an intermediary is funded from a variety of generally local sources (a combination of public, corporate, and foundation funding). This newly created organization grants funds and technical assistance to local neighborhood organizations.
- **Examples:** South Bend, Indiana's Neighborhood Resources and Technical Services, Kansas City Neighborhood Alliance
- **Key Advantage:** These organizations are able to develop relationships with both funders and neighborhood groups. They often have consistent and diversified funding bases with significant control over how funds are allocated.
- **Key Challenge:** There is rarely a system of accountability set up to ensure that intermediaries are supporting and leading the work of grassroots neighborhood organizations.

•A Single Foundation Designating a Specific Pool for Neighborhood Based Initiatives

•**In Practice:** A local foundation will adopt the issue of neighborhood revitalization and create funding specifically for neighborhood based initiatives. Neighborhood groups will usually go through an application process to obtain funds from the foundation.

•**Examples:** MNSHIP, PRO Neighborhoods, Building Better Futures (all locally based)

•**Key Advantage:** These funding sources are usually very accessible to local neighborhood groups. They often provide flexibility to neighborhood groups and the local connection makes it easier for foundations to make informed funding decisions.

•**Key Challenge:** The foundation may become so invested with a particular neighborhood or project that they ignore, or decide not to work with, already existing neighborhood based organizations or initiatives. The funding is also often temporary, and can cease with a new funding round and/or a change in the foundation's direction.

•A City Designating Public Money Specifically for Neighborhood Based Initiatives

•**In Practice:** A city will set aside a significant portion of tax dollars to allocate for neighborhood based initiatives.

•**Examples:** Minneapolis' Neighborhood Revitalization Program, Seattle, WA's Neighborhood Matching Grant Fund

•**Key Advantage:** These large pools of money have resulted in substantial improvements to neighborhoods. The city usually necessitates neighborhood involvement in decision making as well.

•**Key Challenge:** There are often political strings with this funding. It can be difficult for neighborhoods to work on projects not aligned with the city government's goals.

•A Cooperative Fund Drive from Workplaces Going to General Operating Support

•**In Practice:** A selected group of member organizations work in a federation together and enter workplace fund drives. Funds are either divided equally amongst members or designated to specific organizations by donors.

•**Examples:** Community Solutions Fund, United Arts Fund

•**Key Advantage:** Members maintain a considerable amount of control over how they spend acquired funds. A federation is also very attractive to donors often faced with so many different proposals.

•**Key Challenge:** It is incredibly difficult to initially enter workplaces. The market is usually filled up with a few large federations.

•A Consortium of Funders Creating a Funding Pool for Neighborhoods

•**In Practice:** Usually, participants from a variety of funding sources (public and private, local and national) come together and disperse funds to specific neighborhoods, either directly or through a created intermediary.

•**Examples:** Charles Stewart Mott Foundation's Small Grants Program, PEW Foundation's Preservation Initiative

•**Key Advantage:** In several cities, the funding consortiums develop into strong, stable programs that maintain a diverse funding base and significantly impact the capacity of their neighborhood organizations.

•**Key Challenge:** These programs are often set up as temporary. Funders will come together to provide start up support to organizations, but will not necessarily continue their support.

•A Collaborative of Participating Organizations Created to Share Resources and Streamline Services

•**In Practice:** Individual organizations come together out of an established need to work together. They will apply for funding from various sources as a coalition and either disperse funds to members or use funding to work on common projects.

•**Examples:** Central Cities Neighborhood Partnership (Minneapolis), Minneapolis East Neighborhood Development Corporation, Boston, MA Neighborhood Development Support Collaborative, Club Fed (Minneapolis)

•**Key Advantage:** The collaborative community is organically what forms these coalitions. The goals are usually very clear and well thought out.

•**Key Disadvantage:** It can often be difficult for participating organizations to devote energy to these collaboratives when they are so busy with their own neighborhood group and the need to secure funding for it.

Considerations for Minneapolis and St. Paul

While useful, these models do not allow us to witness particulars. Clearly, we must recognize that each examined city brought unique circumstances to the creation of its funding collaborative. A more thorough examination would explain the similarities between each of the cities (both their culture of neighborhood organizations and their funding landscapes) in comparison to the Twin Cities. Furthermore, we must acknowledge the differences between Minneapolis and St. Paul. Because the cities are independently run and operate under very different neighborhood structures, it is problematic to speak of them as one in the same. In examining the potential for a funding collaborative, however, we are looking at a possible new structure, independent of the differing systems and potentially advantageous for both cities.

The following section attempts to consider conditions applicable to the Twin Cities. As stated in the introduction, the resource base for neighborhood initiatives in both Minneapolis and St. Paul is considerably higher than in most other cities.

Through both public and private funders, the Twin Cities has a history of significant support for community building and development. For this reason, it seems fair to assume that, given thoughtful consideration by community stakeholders, a funding collaborative could be as successful in the Twin Cities as in any other city in the country.

Amongst the local and national community activists interviewed, there were many cited reasons for participation in funding collaboratives. I chose those most commonly given and those most obviously connected to the situation in the Twin Cities. Local and national examples follow each outlined argument. Again, these are not exhaustive of all reasons driving the formation of a funding collaborative. They do provide one framework for its potential beginning in the Twin Cities.

Primary Reasons for Minneapolis and St. Paul to Consider/Create a Funding Collaborative

- I. Neighborhoods participating in a funding collaborative would have more potential options for securing funds. Thus, funding for neighborhoods could increase with a funding collaborative.**
 - Since the establishment of the Neighborhood Matching Grant Fund in Seattle in 1988, funding for neighborhood groups in Seattle has more than tripled.
 - The Charles Stewart Mott Foundation's Small Grants Program has led to the establishment of strong, stable programs. Several cities received funding for neighborhoods for the first time under this program. Many have maintained funding and increased capacity since the program ended.
- II. General operating support could help neighborhoods in Minneapolis/St. Paul. It can allow for more flexibility in neighborhood organizations. General operating support, dispersed through a funding collaborative, could potentially fill in the holes of NRP without creating more programs to do so.**
 - The Twin Cities' Community Solutions Fund exemplifies the creative initiatives that can come from grassroots organizations that receive a significant level of general operating support.
 - Community development corporations often receive substantial general operating support and maintain agency over their projects. In Boston, the Neighborhood Development Support Collaborative has

allowed area CDC's to invest in their neighborhoods by allotting significant support through the consortium but still granting substantial flexibility to the local CDC.

III. A diversified funding base would decrease extreme reliance on city funds that have the potential to limit neighborhood organizations politically.

- Members of the United Arts Fund in the Twin Cities have been able to take strong political positions on issues relating to local art. Their less than total reliance on city funds makes it easier for them to have a more critical voice.
- The Center for Neighborhoods in Memphis, coming initially out of the Mott program's funding consortium, has recently swayed away from public funding. The organization, wishing to serve a funding base that asks for no political sacrifices, has developed strong support from a variety of community members.

Secondary Reasons for Minneapolis/St. Paul to Consider/Create a Funding Collaborative

- I. A funding collaborative would increase the number of people giving money to neighborhood groups, possibly illustrating a wider support of neighborhood work across the public and private sectors.**
 - The funding allotted to the Neighborhood Resources and Technical Services program in South Bend, Indiana has significantly deepened the city's commitment to neighborhood work. Impressed by the work of NRTS, more funders have joined the neighborhood movement through their support.
 - The Kansas City Neighborhood Alliance has a very diverse group of supporters and funders. Their board is comprised of people from foundations, corporations, and city offices. The extent of their involvement has reached many sectors of the Kansas City community.
- II. A funding collaborative could potentially lead to a more concentrated neighborhood voice. If neighborhoods are coming together around a common vision, a funding collaborative could give more visibility to the work of neighborhoods.**

- In Seattle, the Neighborhood Matching Grant Fund has helped fuel a strong sense of developing neighborhood identity throughout the city. Beyond the specific grant fund projects, residents are acknowledging and participating in the work of their neighborhood groups.
- The presence of Club Fed in North Minneapolis has helped draw attention to youth related issues in the area. By bringing together so many organizations which work with youth, the issues are consistently at the forefront of the community. Numerous projects and smaller collaboratives have been initiated from Club Fed.

III. In some other cities, funding collaboratives have led to stronger neighborhood movements. The collaborative could bring together various community constituencies in the Twin Cities under a more defined structure.

- In Tucson, Arizona, the neighborhood movement was ignited from the Mott Small Grants Program. As a result of the program, and the initial general operating support it provided, neighborhood groups in Tucson have been increasingly engaged, active, and supported.
- The Central Cities Neighborhood Partnership brings together several neighborhood organizations in near downtown Minneapolis neighborhoods. The cooperation and education that these groups give each other has led to stronger projects and more active constituents within each neighborhood.

Possible Challenges to the Creation of a Funding Collaborative/ Methods Collaboratives Have Used to Overcome Their Challenges

- I. Neighborhoods need to be motivated by a common vision that is often difficult to obtain from diverse, and even conflicting, voices.**
- The Neighborhood Matching Grant Fund in Seattle is managed from the city office downtown, and therefore, is in danger of ignoring resident voices.
 - In an attempt to reach out to all residents, the Neighborhood Matching Grant Fund also accepts applications from community based organizations that are not neighborhood based, but advocate for people of color.

- II. **A strong intermediary has the potential to offset the voice of individual neighborhoods. The group could then become a status quo supporting group, rather than one seeking social change through grassroots initiatives.**
 - The Kansas City Neighborhood Alliance has many more resources than the neighborhoods it represents. It was also developed from, and still has a board comprising of, corporate heads.
 - KCNA does consistent outreach and workshops that attempt to engage residents and incorporate their concerns into its agenda.
- III. **The intermediary could also over power the individual voice. Collaboratives must ensure that the voice reflects its members, and must maintain accountability to members.**
 - The Minneapolis Foundation's Building Better Futures program has not worked much with the already existing neighborhood organizations in its targeted neighborhoods.
 - In an effort to maintain accountability to community residents and organizations, the Minneapolis Foundation has sponsored forums and workshops around larger issues, like affordable housing.
- IV. **There is a possibility that funds will not automatically increase with the creation of a funding collaborative.**
 - If the base of funding is not increased, increasing the overhead could aggregate the funding. The amount of work could increase the costs to member organizations, costing them to be part of the collaborative, more than benefiting them.
 - In South Bend, the NRTS program funded by the city has increased funding to neighborhoods. However, it has always been contingent upon available funds.
 - The program, at this point, seems to be institutionalized into the city budget, but has been threatened despite an apparent increased commitment to neighborhood based change.
- V. **The strong personalities of some funders and the complex internal funding processes can render the situation difficult for successful collaborations between funders.**

- In Minneapolis, this has been true throughout the history of neighborhood funding. Each time there has been a substantial private contribution for neighborhood work, it has been from one funder wishing to have control over the program. Currently, the low interaction between foundations and the city's Neighborhood Revitalization Program is an obstacle.
- Organizations like the Minneapolis Center for Neighborhoods aid this problem by holding forums on city wide concerns for neighborhoods, rather than focusing only on the applications of one funded program.

VI. It is difficult to develop outcome based measures of success for all members of the collaborative. The evaluation system is difficult to sell to a funder.

- With the Pew Preservation Initiative, the funder was significantly removed from the member organizations. The members, in general, did not find the developed evaluation process useful.
- The Pew foundation did allow for flexibility in general operating support, but somewhat burdened members with the evaluation process.

Components of a Successful Collaborative

These tenets are based on my wide examination of dozens of funding collaboratives across the country. Those that showed the most favorable and sustainable results often included the following components in defining their success.

- The collaborative is based on more than funds.
- The collaborative is motivated by a common vision of the value of neighborhood based change.
- The allocation of power to citizens is considered inevitably more important than the allocation of funds.
- The collaborative is motivated by a vision of a potentially new society that is furthered by the work of the collaborative.
- The collaborative includes a consistent critical analysis of its own work and its true effects on citizen participation.

POSSIBLE NEXT STEPS

Considering the extent of this endeavor (the development and implementation of a significant funding collaborative in the Twin Cities), many stakeholders must be involved in its next steps. The advisory committee offered several suggestions for both furthering the possibility of a funding collaborative and for generally increasing support for neighborhood organizations in Minneapolis and St. Paul. These recommendations for action focus specifically on utilizing the capacity of Minneapolis Center for Neighborhoods. The board's most significant suggestions for follow up were to:

- 1. Communicate the knowledge obtained from both of the NPCR projects which analyzed funding for neighborhoods.**
 - Develop primers for neighborhood organizations
 - Develop briefings for foundations
 - Bring together potential funders in discussions with neighborhood organizations and present findings
- 2. Better utilize and expand existing federations and funding collaboratives that have the potential to support the work of neighborhoods.**
 - Work with the Community Solutions Fund to increase the number of neighborhood organizations in the federation.
 - Support the outreach of the United Way in its new approaches to helping to fund neighborhood work.
- 3. Advocate for increased funding from the cities of Minneapolis and St. Paul**
- 4. Work with neighborhoods to increase their own fundraising capacities.**
- 5. Incorporate discussions on the value of funding for neighborhoods.**
 - Commission a third CURA/NPCR study to examine the amount of funding needed to run a neighborhood organization.
 - Engage neighborhoods in discussions concerning their sustainability and the place of funding within it.
 - Connect with other parts of MCN's work on Success Measures and Citizen Participation and incorporate the need for funding within the context of these larger goals.
- 6. Encourage and support neighborhood associations forming or joining funding collaboratives to raise additional program and operating support.**
 - Work with and communicate the efforts of multi-neighborhood collaboratives in the Twin Cities.
 - Attempt to provide incentives to neighborhoods that work together- in their operations and their pursuit for funding.

7. Continue to engage large stakeholders (the city, local and national foundations, and the neighborhoods themselves) in the possibility of a large funding collaborative for neighborhood initiatives in Minneapolis and St. Paul.